

SUBSIDIARY NEIGHBORHOOD DEVELOPMENT CORPORATION

The Economic Development Corporation (EDC) Act, Act 338 of the Public Acts of Michigan, 1974 as amended, provides for an EDC to create a subsidiary corporation to implement housing and neighborhood improvement programs within areas that qualify as blighted or as certain other defined areas.

The EDC's Board of Directors also serves as the Neighborhood Development Corporation's (NDC) Board of Directors.

The NDC can acquire property, construct improvements, and make these available in programs for the rehabilitation or




construction of housing for immediate sale at "fair market value". This is implemented pursuant to a project plan, similar to an EDC project plan, approved by City Council.

The EDC (the commercial component) and the Neighborhood Development Corporation (the residential component) are jointly implementing the Jefferson Village project located South of E. Jefferson between St. Jean and Marquette, which will provide at completion approximately 20 acres of new commercial development and approximately 300 new home sites for market rate housing.

EXHIBIT D ACQUISITION AREA



NDC #1 Acquisition

NDC Acquisition 
 EDC Acquisition 
 Exempt from Acquisition 


 0 50 100 FEET
 PREPARED BY:
 CITY OF DETROIT
 PLANNING & DEVELOPMENT
 DEPARTMENT
 P.P.

TAX INCREMENT FINANCE AUTHORITY

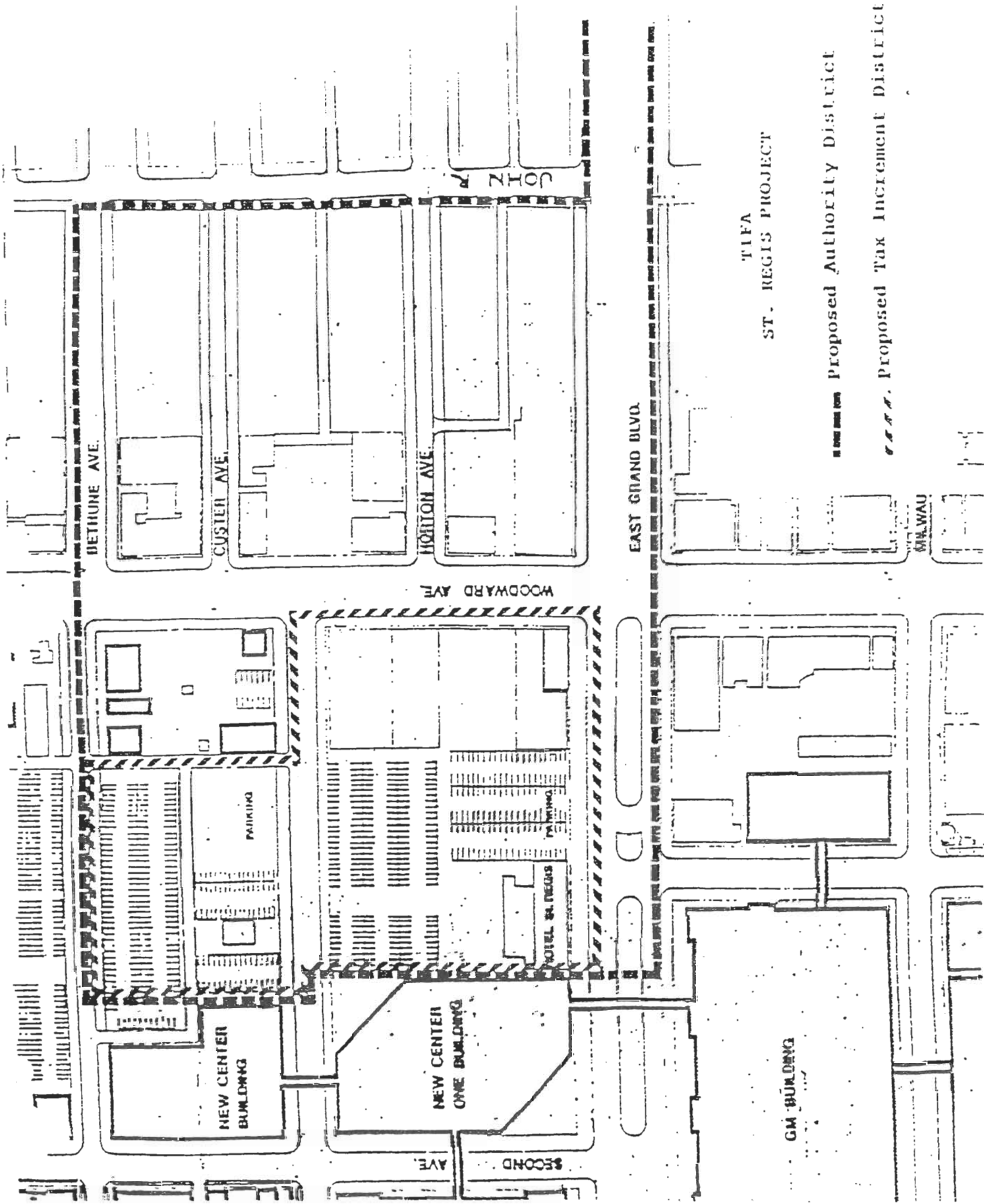
This Authority was created on March 5, 1982 by resolution of the City Council pursuant to Act 450, Public Acts of Michigan, 1980. In accordance with the Act, the Authority's objective is preventing urban deterioration by encouraging economic development and neighborhood revitalization and historic preservation. The Authority may acquire and dispose of land, create and implement a tax increment plan, and issue bonds and other types of indebtedness to finance various projects.

The Tax Increment Finance Authority (TIFA) has issued bonds to pay a portion of the cost associated with the City's Central Industrial Park Project. The financing which utilized the "tax increment" approach, was the first of its

kind to be successfully completed in Michigan. The bonds have been retired on schedule.

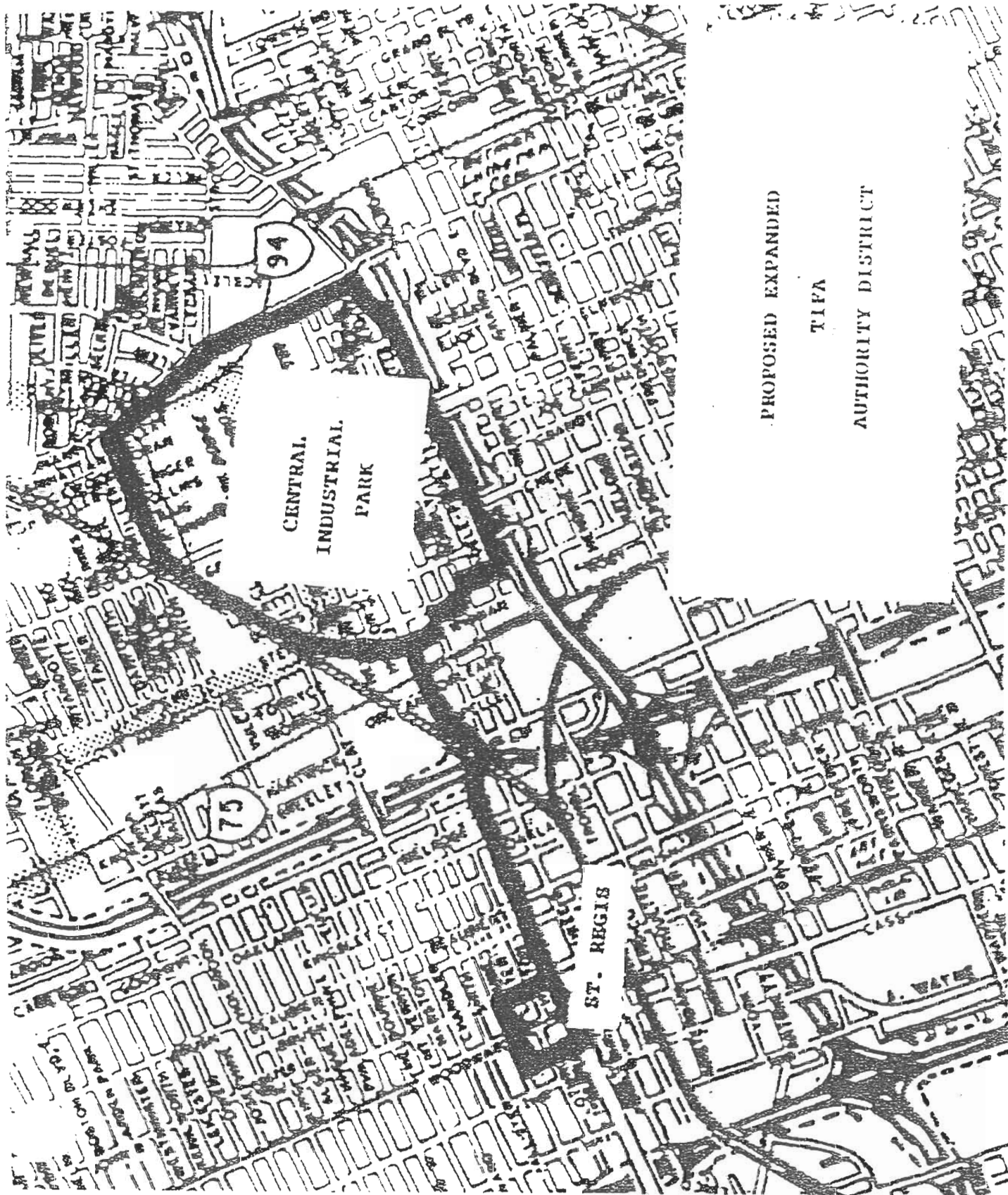
During 1986-87, the Authority created a second District, which included a portion of the New Center Area and provided assistance to the St. Regis Hotel expansion project. The obligation of the TIFA toward this project has been extinguished.

In 1986, the State Legislature severely limited the ability of the TIFA to undertake new projects and therefore due to this restriction no new projects are contemplated. The TIFA is housed and staffed by the Detroit Economic Growth Corporation.



TIFA
ST. REGIS PROJECT

Proposed Authority District
Proposed Tax Increment District



PROPOSED EXPANDED

TIFA

AUTHORITY DISTRICT

LOCAL DEVELOPMENT FINANCE AUTHORITY

State of Michigan Public Act 281 of 1986 provided for the creation of Local Development Finance Authority (LDFA) to prevent conditions of unemployment and promote economic growth; to provide for the creation and implementation of development plans; to authorize the acquisition and disposal of interests in real and personal property; to permit the issuance of bonds and other evidences of indebtedness by an authority; and to authorize and permit the use of tax increment financing.

At a public hearing on September 13, 1988, the City Council adopted a resolution establishing the Local Development Finance Authority and approved mayoral appointments to the LDFA Board. City Council also designated the boundaries of the Authority District, which includes the Jefferson/Conner Industrial Revitalization Project. The LDFA sold tax increment bonds to finance part of the cost of the City's Jefferson/Conner Project.

In June 2002, subsequent to a public hearing, the City Council adopted a resolution approving the addition of a Authority District and approved the Tax Increment Financing and Development plan for Tech Park area #1 (Smart Zone Plan). According to the Smart Zone

Plan, the LDFA would allocate 12 years worth of property tax capture, or \$12.5 million, whichever comes first, towards the development of the Wayne State University Research and Technology Park.

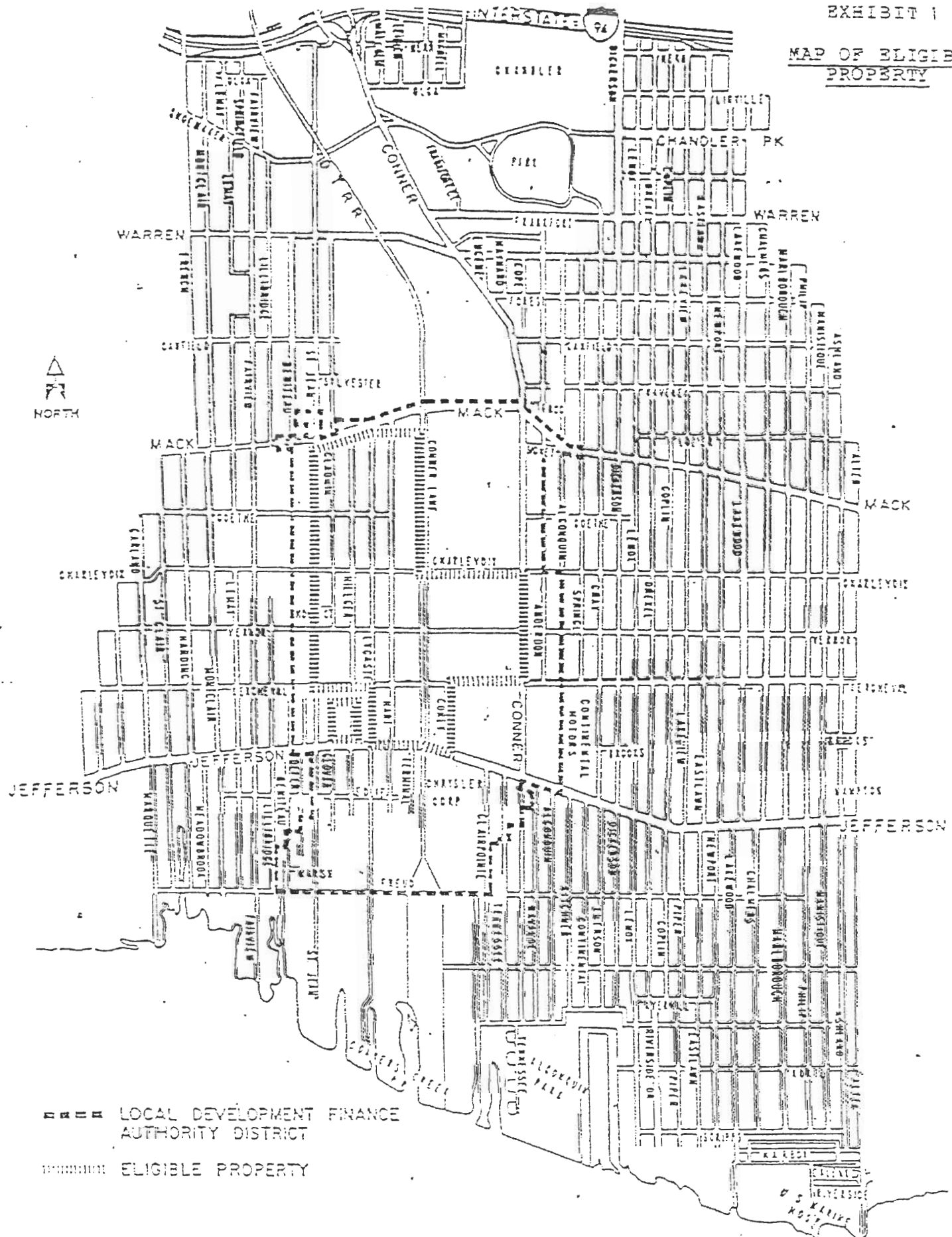
In September 2002, the LDFA, the City of Detroit, Wayne State University, and the Michigan Economic Development Corporation entered into the Woodward Technology Corridor SmartZone Agreement, for the partial funding (through Tax Increment Financing and Core Communities grants) of the following projects:

- WSU Technology Park
- Detroit Tricentennial Park
- Lower Woodward Improvements
- University Cultural Center Improvements.

The LDFA is housed and staff services are provided by the Detroit Economic Growth Corporation. The LDFA continues to monitor the bond payments for the Jefferson/Conner Industrial Revitalization Project. At the present time there are no initiatives to expand the LDFA authority district for additional projects.

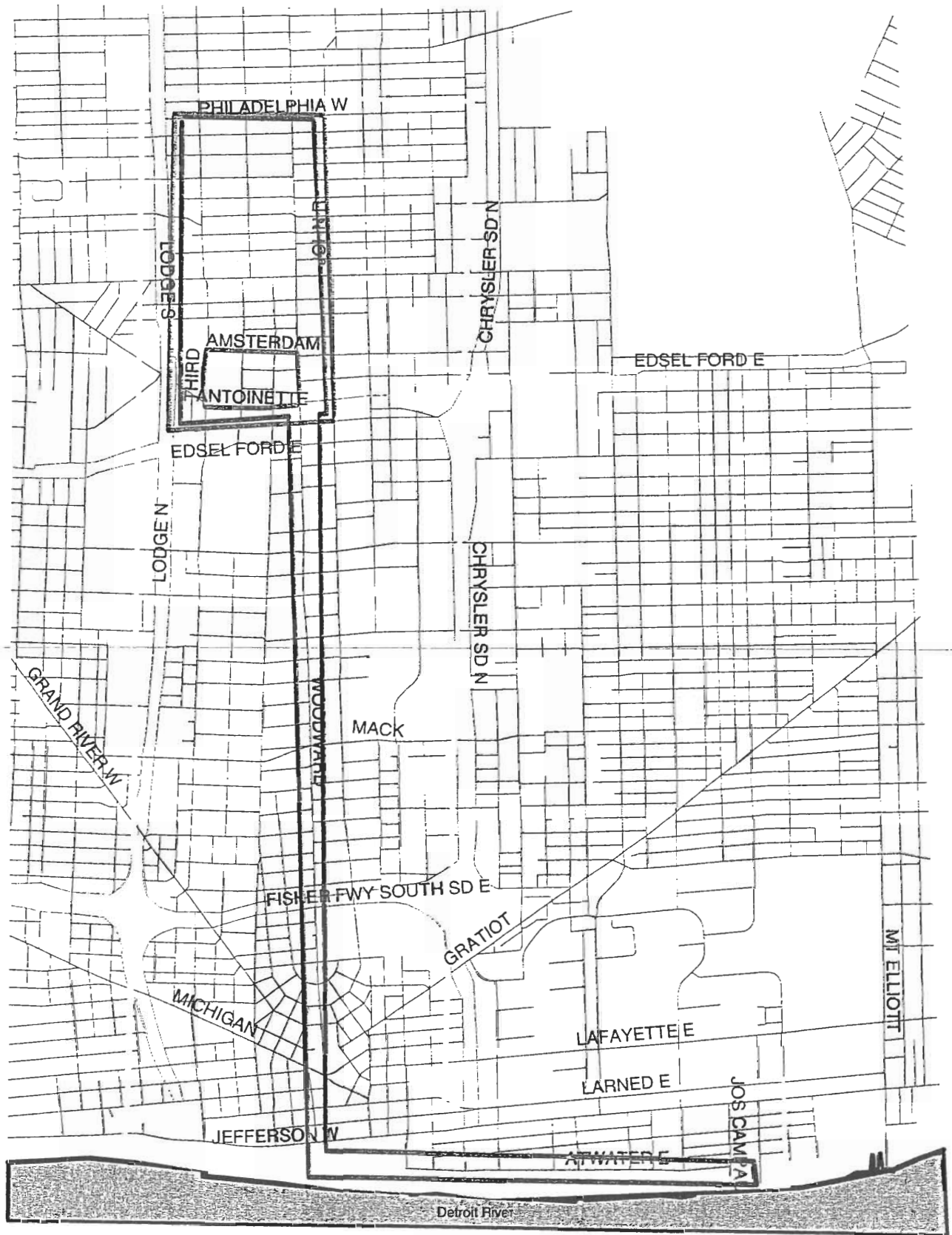
EXHIBIT 1

MAP OF ELIGIBLE
PROPERTY



JEFFERSON-CONNER INDUSTRIAL REVITALIZATION PROJECT

WOODWARD TECHNOLOGY CORRIDOR SMARTZONE



- Yellow - Woodward Technology Corridor SmartZone
- Green - Authority District/Certified Technology Park
- Orange - Tech Park Area #1
- Blue - WSU Technology and Research Park



DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

The City of Detroit Brownfield Redevelopment Authority (DBRA) was established in 1997 pursuant to state authorizing legislation (Act 381), the Brownfield Redevelopment Financing Act. The DBRA is a public authority whose mission is to foster the re-use and re-development of brownfield sites, and functionally obsolete or blighted properties. These actions are designed to promote reinvestment in the City, increase property valuation, improve the City's tax base and improve the quality of the life in the City by reducing exposure to environmentally impacted properties.

The DBRA is empowered to use two tools to promote redevelopment incentives in unique ways not available to other economic development corporations. These tools are: 1) the State of Michigan Single Business Tax Credits (SBT) and 2) Tax Increment Financing (TIF). The DBRA can designate individual or contiguous properties as an "eligible property" without designating a project area or district. The Authority therefore has the flexibility to stimulate redevelopment of

brownfield sites within any neighborhood, commercial district, or industrial park.

The TIF portion of the incentive provides funds to assess and clean up the site. The tax credit portion of the incentive attracts development to the site. The legislation also allows the Authority to capture taxes five years beyond that needed to cover the cost of environmental clean-up. These funds can be placed in a revolving loan fund that can be used to provide funds for the clean-up of other properties whether or not they have been designated an eligible property.

Since the inception of the Authority, 74 sites have been designated representing over \$1.7 billion dollars in private capital investment. This investment represents a TIF reimbursement amount of over \$41.0 million dollars and eventual contributions to the Revolving Loan Fund of over \$37.0 million dollars.

The following chart represents the plans approved to date:

DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

List of Brownfield Plans

Brownfield Plan	Project Type	Investment	SBT/TIF	SBT Approved Amount	Reimburse Amount (TIF)	Revolving Loan Fund (TIF)	Jobs	Housing Units
Kern/Hudsons/Crowleys Development	Office	\$400,000,000	SBT	\$30,000,000			3600	
Auto Body One	Retail	\$1,000,000	SBT/TIF	\$91,400	\$326,563	\$225,000	20	
AAM Headquarters	Office	\$45,000,000	SBT				500	
Kales	Residential	\$12,000,000	SBT	\$1,000,000				84
I-94	Industrial	\$200,000,000	SBT/TIF		\$5,380,302	\$4,931,068	1500	
Arvin Meritor	Industrial	\$10,000,000	SBT	\$1,000,000			300	
Paper-Plas	Industrial	\$6,000,000	SBT/TIF		\$1,052,000	\$645,000	40	
6331 E. Jefferson	Retail	\$2,000,000	SBT	\$500,000			20	
Riverbend III	Retail	\$10,000,000	SBT	\$1,000,000			200	
Lombardo Heritage Amended	Residential	\$20,000,000	SBT					126
GM Riverfront East	Mixed Use	\$80,000,000	SBT					
Merchants Row	Residential	\$17,000,000	SBT	\$717,000			50	163
Mexicantown	Retail	\$12,300,000	SBT/TIF		\$2,099,878	\$1,300,000	100	
Woodward Millennium	Residential	\$37,000,000	SBT/TIF		\$1,885,000	\$1,576,947	50	180
AAM St. Aubin/Clay	Industrial	\$28,700,000	SBT	\$1,000,000			15	
DFD Lofts	Residential	\$2,872,000	SBT	\$287,500				30
Iodent Building	Residential	\$4,000,000	SBT	\$297,638				16
Parkside Plaza	Retail	\$4,125,000	SBT	\$361,500			50	
404 W. Congress	Office	\$6,000,000	SBT					
Federal Reserve	Office	\$65,000,000	SBT/TIF		\$4,390,952	\$2,750,000	20	
41-47 Burroughs	Residential	\$6,500,000	SBT	\$492,535				40
6200 Second	Residential	\$9,000,000	SBT	\$558,714				51
7 Mile/Gratiot Retail	Retail	\$3,850,000	SBT/TIF		\$697,000	\$710,000	40	
Mack/Alter North Amended	Retail	\$1,500,000	SBT/TIF		\$535,988	\$163,000	20	
NDC Project I	Retail	\$10,000,000	SBT/TIF		\$2,070,250	\$1,770,254	150	
Hartz Building	Mixed Use	\$4,487,000	SBT	\$364,000			25	
Odd Fellows Hall	Office	\$2,840,000	SBT				10	
449 W. Willis	Residential	\$750,000	SBT	\$83,145				7
Fort Shelby Hotel	Hotel	\$52,000,000	SBT				300	77
Book Cadillac	Hotel	\$150,000,000	SBT				500	84
Jefferson and Piper	Retail	\$1,500,000	SBT				10	
Spartime	Retail	\$12,000,000	SBT/TIF		\$360,000	\$1,150,000	30	
English Village	Residential	\$2,845,000	SBT					90
5981 W. Warren	Industrial	\$14,760,000	SBT				30	
Research Lofts	Mixed Use	\$4,500,000	SBT	\$404,610				35
Mack/Alter South Amended	Retail	\$10,000,000	SBT/TIF	\$246,271	\$1,124,000	\$1,407,704	30	
20201-51 Sherwood	Industrial	\$2,000,000	SBT				18	
1250 Hubbard	Residential	\$4,150,000	SBT					30
Benton & Dean	Residential	\$792,000	SBT					9
University Lofts	Residential	\$1,939,000	SBT					10
TechOne	High Tech	\$11,970,000	SBT				10	
Stough Development	Office	\$2,000,000	SBT/TIF		\$152,000	\$70,314	30	
Grand River Place	Retail	\$7,500,000	SBT/TIF		\$1,375,000	\$2,372,984		
Hudson's Warehouse	Office	\$38,000,000	SBT					
Garfield and York Apartments	Residential	\$11,355,900	SBT					58
Randora Apartments	Residential	\$2,814,000	SBT					12
Grinnell Properties	Industrial	\$5,000,000	SBT	\$500,000			225	
Conner and Forest	Retail	\$1,200,000	SBT					
4801 Conner	Retail	\$10,000,000	SBT				30	
VITEC	Industrial	\$18,000,000	SBT				35	
Jefferson North Park Residential	Residential	\$15,000,000	SBT					123
St. Charles Place Lofts	Residential	\$2,100,000	SBT					12
Bellemere Apartments	Residential	\$9,550,000	SBT					88
1322 Broadway	Mixed Use	\$2,000,000	SBT				8	4
East Village	Residential	\$4,950,000	SBT/TIF		\$294,741	\$681,858		23
Brush Park North Condominiums	Residential	\$2,453,000	SBT	\$241,958				13
Gratiot McDougall Homes	Residential	\$8,100,000	SBT					46
Standard Federal Gratiot Conner	Commercial	\$2,000,000	SBT/TIF		\$235,000	\$69,958	8	

DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

List of Brownfield Plans

Brownfield Plan	Project Type	Investment	SBT/TIF	SBT Approved Amount	Reimburse Amount (TIF)	Revolving Loan Fund (TIF)	Jobs	Housing Units
Family Dollar West Vernor	Retail	\$750,000	SBT/TIF	\$77,766	\$117,945	\$108,650		
Art Center Town and Carriage Homes	Residential	\$3,500,000	SBT					29
Jefferson Avenue Maxey Dealership	Commercial	\$2,000,000	SBT				60	
West Town Homes I	Residential	\$8,100,000	SBT					31
Book Building	Mixed Use	\$18,300,000	SBT					130
Nailah Condominiums East	Residential	\$2,161,000	SBT	\$215,219				10
Jefferson Chalmers	Residential	\$14,000,000	SBT/TIF		\$2,620,850	\$2,756,294		
Warren Conner	Retail	\$7,386,000	SBT					
Brainard Street Apartments	Residential	\$10,000,000	SBT					120
Argonaut Building	Mixed Use	\$67,000,000	SBT/TIF		\$11,149,982	\$8,593,434		
E & B Brewery	Mixed Use	\$4,675,000	SBT					40
1001 Woodward	Mixed Use	\$34,900,000	SBT/TIF		\$5,669,500	\$5,801,632	325	40
River Park Village	Mixed Use	\$20,000,000	SBT					200
Belle Harbour Estates	Residential	\$60,400,000	SBT					210
Whittier Regatta	Mixed Use	\$38,000,000	SBT					280
River Pointe Terrace	Residential	\$28,000,000	SBT					96
Total:		<u>\$1,731,574,900</u>		<u>\$39,439,256</u>	<u>\$41,536,951</u>	<u>\$37,084,097</u>	<u>8359</u>	<u>2597</u>

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OBSOLETE PROPERTY REHABILITATION ACT

This Act allows tax abatements on functionally obsolete or blighted commercial property undergoing rehabilitation or industrial property undergoing rehabilitation from industrial use to commercial or commercial housing use. The Act provides for an exemption from certain taxes.

In order to obtain the exemption provided by PA 146 of 2000, there are four (4) steps which must be followed:

- a.) A *qualified local governmental unit* must establish an Obsolete Property Rehabilitation District.
- b.) The owner of the obsolete property must file an application for exemption with the clerk of the *qualified local governmental unit*.
- c.) The *qualified local governmental unit* must approve the application.
- d.) The State Tax Commission must also approve the application and issue the exemption certificate.

A) Establishing An Obsolete Property Rehabilitation District

A *qualified local governmental unit* may establish one or more obsolete Property Rehabilitation Districts. This must be done by resolution. A district may consist of one or more parcels or tracts of land or a portion of a parcel or tract of land, PROVIDED THAT the parcel or tract is EITHER of the following:

- a) *Obsolete property* in an area characterized by obsolete *commercial property* or *commercial housing property*. Please refer to the definitions of *obsolete property*, *commercial property*, and *commercial*

housing property found in the addendum to this bulletin.

- b) *Obsolete property* that is *commercial property* and that was owned by the local governmental unit on June 6, 2000 AND was later conveyed to a private owner.

Important Note:

The resolution establishing the district shall set forth a finding and determination that the district meets the requirement set forth in a or b above.

1. Establishing a District on Its Own Initiative Or At Request of Owner(s)

The legislative body of a *qualified local governmental unit* may establish an Obsolete Property Rehabilitation District on its own initiative OR upon a written request filed by the owner or owners of property comprising at least 50% of all taxable value of the property located within a proposed Obsolete Property Rehabilitation District. The written request must be filed with the clerk of the *qualified local governmental unit*.

2. Written Notice By Certified Mail

Before adopting a resolution establishing an Obsolete Property Rehabilitation District, the legislative body shall give written notice by certified mail to the owners of all real property within the proposed Obsolete Property Rehabilitation District and shall afford an opportunity for a hearing on the establishment of the Obsolete Property Rehabilitation District. Any of the owners and any other

OBSOLETE PROPERTY REHABILITATION ACT

resident or taxpayer of the *qualified local governmental unit* may appear at the hearing and be heard. The legislative body shall give public notice of the hearing not less than 10 days or more than 30 days before the date of the hearing.

B. Owner Files An Application for Exemption

The following are procedures which must be followed when an owner files an application for an Obsolete Property Rehabilitation Exemption Certificate:

1. If an Obsolete Property Rehabilitation District is established, the owner of obsolete property may file an application for an Obsolete Property Rehabilitation Exemption Certificate with the clerk of the *qualified local governmental unit* that established the Obsolete Property Rehabilitation District (The definition of “obsolete property” is contained in the addendum to this bulletin.) The law requires that the application shall be filed on the form prescribed by the State Tax Commission. STC Form 3674 has been developed for this purpose. This form requests all of the information required to be provided by PA 146 of 2000.

Important Note:

If the application form (STC Form 3674) is not fully completed, it will be returned by the staff of the Property Tax Division prior to any processing

being done by the State Tax Commission as described in paragraph D of this bulletin.

2. Notifications by Clerk

Upon receipt of an application for an Obsolete Property Rehabilitation Exemption Certificate, the clerk of the *qualified local governmental unit* shall notify, in writing, the assessor and the legislative body of each taxing unit that levies ad valorem property taxes in the *qualified local governmental unit* in which the obsolete facility is located.

The City of Detroit’s City Council will consider applications for tax abatements under Public Act 146 of 2000 that meet the following criteria and objectives and which will be used to determine the term of the exemption certificate:

- a) The applicant must demonstrate ownership of the obsolete property at the time of the application.
- b) The obsolete facility to be rehabilitated will not include property to be used as a professional sports stadium.
- c) The obsolete facility to be rehabilitated will not include property to be used, owned or operated by a casino or affiliated company as defined in the Obsolete Rehabilitation Act (M.C.L.A. 125.2782 (m)).
- d) The applicant represents that the project would not have been considered without the exemption certificate.
- e) The rehabilitation project was not started prior to establishment of the district by the City of Detroit.

OBSOLETE PROPERTY REHABILITATION ACT

- f) There are no delinquent taxes on the facility or the structure being renovated.
- g) The applicant shows that completion of the rehabilitated building has a reasonable:
 - i) Increase commercial activity
 - ii) Create employment
 - iii) Retain employment
 - iv) Prevent a loss of employment
 - v) Increase the number of residences in the community in which the facility is situated
 - vi) Revitalize urban areas.
- h) The applicant will indicate the period of time within which the rehabilitation will be completed.
- i) The applicant may request an abatement of taxes for up to 12 years and shall explain why the abatement is required for the number of years requested.
- j) All applicants must be in compliance with the zoning ordinance and Master Plan.
- k) If the investment for a proposed rehabilitation project is \$250,000 or greater, the applicant will demonstrate a commitment to meet all requirements of Executive Order 22, Executive Order No. 4 and Executive Order No. 14 during the rehabilitation of the obsolete facility by presenting an annual plan approved by the Human Rights Department.
- l) Applicants will submit to the Human Rights Department a Contract Compliance Report (Form EEO-1) and a current Employer Information Report (Form EEO-2). The applicant may also be requested, by the Human Rights Department, to also submit an Affirmative Action Plan, to set forth future Affirmative Action goals of the applicant at the proposed obsolete property site and the means by which the applicant intends to effectuate those goals to demonstrate the applicant's commitment to diversity in their employment.
- m) The applicant shall make a concerted effort to partner or form a joint venture with small business enterprises, minority business enterprises, women-owned business enterprises that are located in Detroit, or with community-based groups. If the applicant is unsuccessful in partnering or forming a joint venture, then the applicant must explain in writing to the City Council efforts undertaken or why partnering or forming a joint venture is not feasible for their project.
- n) The applicant will provide, with their application for a tax exemption, a certification of compliance with the City's Living Wage and Prevailing Wage requirements.
- o) The applicant will include in the application a history of the property use, report of any environmental concerns and procedures that will be taken to abate any hazardous conditions.
- p) If the project is located within the boundaries of a designated Urban Renewal Area, the applicant shall demonstrate that the Citizens District Council has had the opportunity to review the proposed project.

OBSOLETE PROPERTY REHABILITATION ACT

- q) If the project includes commercial housing, the applicant must agree to Fair Housing Practices that meet guidelines set forth by the U.S. Fair Housing Act (42 U.S.C.3601 through 3619).
- r) A project that includes housing units that will be available as rentals will be subject to the Rental Registration Ordinance.
- s) The applicant should demonstrate a commitment to affordable housing for citizens of low and moderate income. If affordable housing is not part of the application under consideration, the applicant may show their commitment through other housing project developed by the applicant.

3. Administration and Compliance

- a) The Planning and Development Department of the City shall administer this Policy as set forth herein. The Human Rights Department shall assist applicants by providing information on the Metropolitan Statistical Area (MSA) workforce availability statistics and the necessary components for an acceptable affirmative action plan to be submitted to the City if required.
- b) Publication – information, regarding the project, including location, dollar amount of project, and employment impact, if any, will be published as part of the public hearing notice.
- c) Reporting – The Assessor will determine the value and taxable value of real and personal property annually, as of December 31, for each exempt rehabilitated facility. The Assessor's Division of the Finance Department and/or the Planning and Development Department shall be responsible for submitting to the State Tax Commission, no later than October 15 each year, a report on the status of each exemption as required by M.C.L.A. 125.2794. A copy of reports submitted to the State Tax Commission shall also be submitted to the City Council, by October 15 each year and shall also include:
 - i) List of project approved
 - ii) Projected and actual investment in each project
 - iii) Projected and actual number of jobs retained or created by the exemption
 - iv) Number of housing units that have been created and that are occupied
 - v) Amount of space created and currently used for commercial business enterprises
 - vi) For each approved obsolete property exemption certificate, the current value of each property to which the exemption pertains, and the value on which the obsolete property rehabilitation tax is based
 - vii) Total State Equalized Value (SEV) abated and the percentage of SEV abated.

OBSOLETE PROPERTY REHABILITATION ACT

<u>Obsolete</u>	<u>Property</u>	<u>Rehabilitation</u>	<u>Area of City</u>
<u>Districts</u>	<u>In</u>	<u>Various</u>	
<u>Development</u>	<u>Stages</u>	<u>of</u>	
1.	Kales Building		Downtown
2.	Iodent Building		Downtown
3.	Holiday Inn Express		Downtown
4.	Small Plates Restaurant		Downtown
5.	Hartz Building (Brewery)		Downtown
6.	Motor City Electric		East Side
7.	Oddfellows Hall		Southwest Detroit
8.	N’Namdi Art Gallery		Cultural Center
9.	Bob Maxey Ford Dealership		Downtown
10.	Rocky DFD		Eastern Market
11.	1466 Brush Street		Downtown
12.	New Cavalry Baptist Church		East Side
13.	1950 W. Fort & 1957 Lafayette		Southwest Detroit
14.	Book Cadillac Hotel		Downtown
15.	Argonaut Building		New Center Area
16.	Russell Street Development		Eastern Market Area
17.	1323-1325 Broadway		Downtown
18.	National Theatre (110-118 Monroe)		Downtown
19.	6200 Second		New Center Area
20.	41-47 Burroughs		New Center Area
21.	Garfield Building		Downtown
22.	Thor Equities (Warren Conner Shopping Center)		East Side
23.	Semik Wright		East Side
24.	1521 Broadway		Downtown
25.	2944 Woodward		Cultural Center

